

# HOUSE BILL REPORT

## SHB 1067

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**As Passed House:**  
February 5, 2007

**Title:** An act relating to membership in plan 1 of the public employees' retirement system.

**Brief Description:** Authorizing certain members of the teachers' retirement system plan 1 to join the public employees' retirement system plan 1.

**Sponsors:** By House Committee on Appropriations (originally sponsored by Representatives Haigh, Priest, Conway, Fromhold, Green, Ericks, Simpson, Kenney and B. Sullivan).

**Brief History:**

**Committee Activity:**

Appropriations: 1/22/07, 1/25/07 [DPS].

**Floor Activity:**

Passed House: 2/5/07, 95-0.

### Brief Summary of Substitute Bill

- A member of the Teachers' Retirement System Plan 1 (TRS 1) employed by Public School Employees of Washington may transfer to the Public Employees' Retirement System Plan 1 (PERS 1) for future years of service.
- Eligibility is limited to TRS 1 members with between 10 and 20 years of service.
- TRS 1 members who choose to irrevocably transfer to PERS 1 for future years of service must do so between July 1, 2007, and September 30, 2007.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 34 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Cody, Conway, Darneille, Dunn, Ericks, Fromhold, Grant, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Kretz,

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Linville, McDermott, McDonald, McIntire, Morrell, Pettigrew, Priest, Schual-Berke, Seaquist, P. Sullivan and Walsh.

**Staff:** David Pringle (786-7310).

**Background:**

The Public Employees' Retirement System (PERS) provides retirement benefits for most regularly compensated employees in ongoing positions who work for most public employers in Washington, except for employees covered by one of the other state or first class cities' retirement plans. The Teachers Retirement System (TRS) provides retirement benefits to individuals qualified to teach (certificated) and employed by a public school, educational service district, or the state in an instructional, administrative, or supervisory capacity. As one of the other state retirement systems, members of TRS are excluded from membership in PERS.

The PERS Plan 1 and TRS Plan 1 were both closed to individuals who first became members on or after October 1, 1977. Between October 1, 1977 and June 30, 1996, members eligible for TRS entered TRS Plan 2, and on or after July 1, 1996, entered TRS Plan 3. Between October 1, 1977 and 2002, new members of PERS entered Plan 2, and beginning in March of 2002 for state agencies or September 2002 for other PERS employers, new member of PERS could choose to enter either PERS 2 or 3.

The PERS Plan 1 is unique among the PERS and TRS Plans in that it offers membership to individuals employed by any labor guild, association, or organization of which the local division of which is composed of at least 40 percent of employees who work for an employer that is covered by the PERS definition of employer. Because PERS 1 was closed to new members from any type of employer on October 1, 1977, no new members have generally been eligible to join PERS 1 since that date, regardless of employer type.

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**Summary of Substitute Bill:**

A member of TRS 1 employed by the School Employees of Washington may transfer to PERS 1 for future years of service if (1) the member has between 10 and 20 years of service in TRS 1, and (2) the member chooses to, between July 1, 2007, and September 30, 2007, irrevocably transfer to PERS 1 for future years of service.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:**

(In support) The two affected individuals would like this change, and there is no cost to allowing them to build their benefit base. It would help one person in our organization, and it does require the individuals and the employer to make contributions to the system, just like other members and employers.

(Opposed) None.

**Persons Testifying:** Representative Haigh, prime sponsor; and Frank Warnke and Tom Lopp Public School Employees of Washington.

**Persons Signed In To Testify But Not Testifying:** None.